

**SUBSIDIARIES OF TELECOMMUNICATIONS CORPORATION OF NEW  
ZEALAND LIMITED**

(Percentage owned by TCNZ)

New Zealand

Telecom New Zealand Limited (100%)  
Level 8, 68 Jervois Quay  
Wellington, New Zealand

Contact: Anthony Briscoe  
Telephone: (64) 4 498-9032  
Fax: (64) 4 473-1044

Australia

Telecom New Zealand International Australia Pty. Limited (100%)  
Level 6, Veritas Building  
207 Kent Street  
Sydney, New South Wales  
Australia

Contact: Anita Pothan  
Telephone: (61) 2 8228 2549  
Fax: (61) 2 8228 2514

AAP Telecommunications Limited (79.9%)  
Level 14, 9 Lang Street  
Sydney, New South Wales 2000  
Australia

Contact: Jessamy Mahoney, Manager, Media and Investor Relations  
Telephone: (61) 2 9377 7916

Japan

Telecom New Zealand Japan Kabushiki Kaisha (100%)  
Shuwa No. 3 Toranomom Building, 9F  
Toranomom 1-21-8  
Minato-ku  
Tokyo 105-0001

## Japan

Contact: Mr. Chris N. Angove  
Telephone: (81) 3 55127372  
Fax: (81) 3551 27266

## United Kingdom

Telecom New Zealand UK Limited (100%)  
80 Haymarket  
London SW1Y 4TE  
United Kingdom

Contact: Mr. Nicholas J Batchelor  
Telephone: (44) 20 7321 2722  
Fax: (44) 20 7321 2648

## Samoa

Telecom Samoa Cellular Limited (90%)  
Lotemau Centre  
Saleufi  
Samoa

Manager: Mr. Peter Connor  
Telephone: (685) 26081  
Fax: (685) 26084

## Cook Islands (60%)

Telecom Cook Islands Limited  
P.O. Box 106  
Rarotonga  
Cook Islands

Manager: Mr. Stuart Davies  
Telephone: (682) 29470  
Fax: (682) 20990

## United States

Telecom New Zealand USA Limited (100%)  
251 S. Lake Avenue, Suite 540  
Pasadena, CA 91101  
USA

Contact: Mr. Ian Neale  
Telephone: 1-626-432-4300  
Fax: 1-626-432-4303

## APPENDIX B

### **MARKET SHARE OF AFFILIATES OF TELECOMMUNICATIONS CORPORATION OF NEW ZEALAND LIMITED**

#### United Kingdom

Telecom New Zealand UK Ltd. ("TNZ UK") is 100% owned by Telecom Corporation of New Zealand Ltd. ("TCNZ"). TNZ UK has no more than a 0.007 (0.7%) market share in the UK market in which it is active. Former monopoly British Telecommunications plc ("BT") remains the dominant carrier in the UK. The EC Interconnection Directive (97/33/EC) identified BT and Kingston Communications (Hull) Ltd. as the telecommunications operators in the fixed and leased lines markets that have "significant market power" in the UK (i.e., at least a 25% share of a particular geographic market)<sup>1</sup>. TNZ UK does not operate in the retail market and it does not have market power in any relevant international access or transport market.

#### Japan

Telecom New Zealand Japan Kabushiki Kaisha ("TNZJ KK") is 100% owned by TCNZ. TNZJ KK has no more than a 0.01 (1%) market share in the Japanese market in which it is active. Kokusai Denshin Denwa Corp. (KDD) remains the dominant international telecommunications carrier with a 67.5 percent market share.<sup>2</sup> The

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<sup>1</sup> See *Regulatory Developments in the United Kingdom*, ESIS, January 1, 1999.

<sup>2</sup> See *Outline of the Telecommunications Business in Japan*, June 2000, Ministry of Posts and Telecommunications.

remaining 32.5 percent of the market is divided between all the new competing carriers, including TNZJ KK. Furthermore, TNZJ KK does not operate in the retail market and it does not have market power in any relevant international access or transport market.

### Australia

Telecom New Zealand International Australia Pty. Limited ("TNZA") is 100% owned by TCNZ. TNZA has no more than a 0.01 (1%) share in its market. TNZA does not operate in the retail market and it does not have market power in any relevant international access or transport market.

In addition, TCNZ has a 100% percent stake in AAP Telecommunications Limited ("AAPT") and has in the last two years completed the purchase of remaining shares. AAPT is Australia's third-largest long distance carrier. Adding AAPT's market share to that of TNZIA's, TCNZ controls 15 percent of the Australian market for long distance and international calls. The dominant telecommunications operator in Australia remains Telstra Corp. Ltd., which has a market share of approximately 50 percent.<sup>3</sup> The second-largest carrier in Australia is SingTel Optus. Therefore, neither of TNZ USA's affiliates in Australia, TNZA and AAPT, is a dominant carrier, nor would combining their market share give TCNZ market power in Australia. AAPT does not control more than 15% of any service market in which it operates.

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<sup>3</sup>See *Survival of the Fattest*, Sydney Morning Herald, March 13, 1999.

### Samoa

Telecom Samoa Cellular Limited ("TSCL") is a joint venture between the Government of the Independent State of Samoa, which has a 10 percent stake, and a wholly-owned subsidiary of TCNZ, Telecom Pacific Investments Limited, which has a 90 percent stake. TSCL does not provide wireline services in Samoa, and thus it does not have market power in any relevant international access or transport market.

### Cook Islands

Telecom Cook Islands Limited ("TSCL") is a joint venture between the Government of the Cook Islands, which has a 40 percent stake, and a wholly-owned subsidiary of TCNZ, Telecom Pacific Investments Limited, which has a 60 percent stake. TCIL does provide wireline services to a large percentage of customers in the Cook Islands, and thus it may have market power in relevant international access or transport markets.

### Conclusion

With the exception of Telecom Cook Islands — for which TNZ USA agrees to be regulated as dominant— in the above countries, TNZ USA is affiliated with carriers that do not have a 50 percent share in any service market, including these for terminating or originating international calls (e.g., international transport facilities or services, cable landing station access and backhaul, inter-city facilities or services, or local access facilities or services). Since these carriers lack market power, they should not be considered dominant carriers.

